

ORIGINAL NEW APPLICATION



0000062406

RECEIVED

2006 DEC 12 P 4:30

AZ CORP COMMISSION
DOCUMENT CONTROL

Arizona Corporation Commission

DOCKETED

DEC 12 2006

DOCKETED BY

MLL

FENNEMORE CRAIG
A Professional Corporation
Norman D. James (No. 006901)
Patrick J. Black (No. 017141)
3003 North Central Avenue
Suite 2600
Phoenix, Arizona 85012
Telephone (602) 916-5000

Attorneys for Golden Shores Water Company, Inc.

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF GOLDEN SHORES WATER COMPANY,
INC., AN ARIZONA CORPORATION, FOR
AUTHORITY TO ISSUE LONG-TERM
DEBT IN THE AMOUNT OF \$286,200 AND
RELATED APPROVALS IN CONNECTION
WITH THE CONSTRUCTION OF WATER
SYSTEM INFRASTRUCTURE IMPROVE-
MENTS.

DOCKET NO. W-01815A-06-0775

APPLICATION

Golden Shores Water Company, Inc. ("Golden Shores" or the "Company"), an Arizona corporation, applies for approval from the Arizona Corporation Commission ("Commission") of certain long-term debt, in the amount of \$286,200, and for certain related approvals. These funds were borrowed from Bank One for the purpose of constructing a new well and storage tank. The debt is secured by two lots owned by the Company, and by a personal guarantee provided by the Company's President. The Company is requesting approval of this financing *nunc pro tunc*.

In support of this application, Golden Shores states as follows:

A. General Background.

1. Golden Shores is an Arizona public service corporation serving approximately 1,600 customers in Mohave County, Arizona, pursuant to a Certificate of Convenience and Necessity ("CC&N") issued by the Commission.

2. Attached at **Exhibit 1** are copies of Golden Shores' proforma balance sheet and income statements for the twelve-month period ending June 30, 2006, and for the prior twelve-

1 month periods ending June 30, 2005 and June 30, 2004. The Company's capital structure as of
2 June 30, 2006, including the long-term debt described herein, was approximately 33% debt and
3 67% common equity.

4 3. Golden Shores' business office is located at 12812 Highway 66, Topock, Arizona,
5 86436. Its mailing address is PO Box 37, Topock, Arizona 86436, and its telephone number is
6 (928) 768-3110. Golden Shores' President is Linda Weyland (nee Boyer), who is responsible for
7 the management of the Company. All requests for information should be directed to Mrs.
8 Weyland's attention, at the address set forth above, with a copy to the undersigned counsel for
9 Golden Shores.

10 **B. Construction of New Water Well and Storage Tank.**

11 4. The purpose of the loan is to finance construction of a new water production well
12 and 250,000-gallon water storage tank, which are necessary to ensure reliable service. The
13 estimated cost of this project is \$332,000. To date, the Company has spent \$312,561 on this
14 project, which expenditures are described in more detail in **Exhibit 2**, attached hereto.

15 **C. Terms of Long-Term Debt.**

16 5. Golden Shores issued a Promissory Note to Bank One NA ("Bank One") on
17 October 15, 2004, a copy of which is attached hereto as **Exhibit 3** ("the Note"). The principal
18 amount of the Note is \$286,200. The interest rate is fixed and is 7.25% per annum. The principal
19 balance and accrued interest are repaid in equal monthly installments commencing February 15,
20 2005, and continuing through January 15, 2012 (i.e., the loan is amortized over seven years). The
21 Company's monthly debt service is \$4,254 (approximately \$51,000 per annum).

22 6. The Note is secured by a Deed of Trust, Assignment of Leases and Rents, Security
23 Agreement and Financing Statement, a copy of which is attached as **Exhibit 4** ("the Deed of
24 Trust"). The Deed of Trust encumbers two lots owned by Golden Shores, which are more
25 particularly described in the Deed of Trust, on which the new well and storage tank are being
26 constructed. In addition, Mrs. Weyland was required to personally guarantee repayment of the

1 loan, and is personally liable in the event of a default by the Company.

2 7. The Note and Deed of Trust were issued for lawful purposes, are consistent with
3 sound financial practices and with the proper performance of Golden Shores' duties as a public
4 service corporation, and do not impair its ability to provide water utility service.

5 8. The sole purpose of the loan is to finance construction of the new well and storage
6 tank. Because this infrastructure is necessary to ensure safe and reliable water service, Golden
7 Shores submits that approval of this application is consistent with the public interest.

8 9. Golden Shores acknowledges that approval should have been obtained from the
9 Commission prior to issuing the Note and Deed of Trust pursuant to A.R.S. §§ 40-302 and 40-
10 285. The Company apologizes for this error, which was simply a mistake on its part and was not
11 intended to avoid Commission oversight.

12 Based on the foregoing, Golden Shores respectfully requests the following:

13 A. That the Commission proceed to consider this application as soon as possible, and
14 to schedule a hearing, if necessary, on this matter;

15 B. That the Commission enter an order approving this application and authorizing
16 Golden Shores, *nunc pro tunc*, to issue the Note and the Deed of Trust for the purposes described
17 hereinabove; and

18 C. That the Commission authorize Golden Shores to take such other and further
19 action as may be necessary to effectuate the purposes of this application, as may be appropriate
20 under the circumstances herein.

21 RESPECTFULLY SUBMITTED this 12th day of December, 2006.

22 FENNEMORE CRAIG, P.C.

23 By: 

24 Norman D. James

25 Patrick J. Black

26 Attorneys for Golden Shores Water Company,
Inc.

1 ORIGINAL and 13 copies delivered this
2 12th day of December, 2006, to:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 COPY hand-delivered this 12th day of December, 2006:

8 Ernest Johnson, Director
9 Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, AZ 85007

13 Christopher Kempley, Chief
14 Legal Division
15 Arizona Corporation Commission
16 1200 West Washington
17 Phoenix, AZ 85007

18 By: Maria San Jose
19 1859145.1/41407.001
20
21
22
23
24
25
26

EXHIBIT 1

Golden Shores Water Company
Years Ended June 30
Comparative Balance Sheets

Exhibit 1
Page 1 of 2

Line No.		Year Ended 6/30/2006	Year Ended 6/30/2005	Year Ended 6/30/2004
1	ASSETS			
2	Plant In Service	\$ 1,419,181	\$ 1,368,523	\$ 1,328,604
3				
4	Non-Utility Plant	30,785	30,785	30,785
5	Construction Work in Progress	356,367	302,508	35,687
6	Less: Accumulated Depreciation	(1,010,408)	(959,598)	(891,591)
7	Net Plant	\$ 795,925	\$ 742,218	\$ 503,484
8				
9	Debt Reserve Fund	\$ -	\$ -	\$ -
10				
11		\$ -	\$ -	\$ -
12				
13	CURRENT ASSETS			
14	Cash and Equivalents	\$ 24,094	\$ 90,790	\$ 91,834
15	Restricted Cash	-	-	-
16	Accounts Receivable, Net	41,305	40,517	45,363
17	Unbilled Revenues	-	-	-
18	Materials and Supplies	10,539	4,094	10,284
19	Prepayments	-	-	-
20	Other Current Assets	2,871	3,366	-
21	Total Current Assets	\$ 78,808	\$ 138,767	\$ 147,481
22				
23	Deferred Debits	\$ -	\$ -	\$ -
24				
25	Other Investments & Special Funds	\$ -	\$ -	\$ -
26				
27	TOTAL ASSETS	\$ 874,733	\$ 880,986	\$ 650,965
28				
29				
30	LIABILITIES AND STOCKHOLDERS' EQUITY			
31				
32	Common Equity	\$ 464,516	\$ 489,416	\$ 548,514
33				
34	Long-Term Debt	\$ 223,151	\$ 262,053	\$ -
35				
36	CURRENT LIABILITIES			
37	Accounts Payable	\$ 8,158	\$ 4,576	\$ 4,602
38	Current Portion of Long-Term Debt	-	-	-
39	Payables to Associated Companies	-	-	-
40	Customer Meter Deposits, Current	2,490	2,240	2,420
41	Accrued Taxes	34,559	32,767	20,142
42	Accrued Interest	-	-	-
43	Other Current Liabilities	-	-	-
44	Total Current Liabilities	\$ 45,208	\$ 39,583	\$ 27,164
45	DEFERRED CREDITS			
46	Customer Meter Deposits, less current	\$ 95,837	\$ 72,245	\$ 46,932
47	Advances in Aid of Construction	41,000	-	-
48	Accumulated Deferred Income Taxes	(36,001)	(26,069)	(18,136)
49	Contributions In Aid of Construction, Net	41,023	43,757	46,492
50	Asset Retirement Obligations	-	-	-
51	Total Deferred Credits	\$ 141,858	\$ 89,933	\$ 75,288
52				
53	Total Liabilities & Common Equity	\$ 874,733	\$ 880,986	\$ 650,965
54				
55				
56				
57				

Golden Shores Water Company
12 Months Ended June 30
Comparative Income Statements

Exhibit 1
Page 2 of 2

Line No.		Test Year Ended 6/30/2006	Prior Year Ended 6/30/2005	Prior Year Ended 6/30/2004
1	Revenues			
2	Metered Water Revenues	\$ 478,064	\$ 447,886	\$ 458,747
3	Unmetered Water Revenues	-	-	-
4	Other Water Revenues	60,135	18,557	2,673
5	Total Revenues	<u>\$ 538,199</u>	<u>\$ 466,443</u>	<u>\$ 461,419</u>
6	Operating Expenses			
7	Salaries and Wages - Employees	\$ 148,058	\$ 145,185	\$ 132,362
8	Salaries and Wages - Officers, Directors and Maj	12,181	3,300	2,400
9	Employee Pensions and Benefits .			
10	Purchased Water .			
11	Purchased Power	45,113	37,310	41,960
12	Fuel for Power Production	224	245	257
13	Chemicals and Water Testing	4,478	6,114	10,648
14	Materials and Supplies (repairs and maintenance)	(3,920)	3,514	4,882
15	Materials and Supplies (office)	1,593	3,129	3,282
16	Freight	363	470	583
17	Repairs and Maintenance	49,773	22,196	16,132
18	Contractual Services - Engineering .	-	-	-
19	Contractual Services - Accounting .	2,780	2,560	2,515
20	Contractual Services - Legal .	230	1,782	1,388
21	Contractual Services - Management Fees .			
22	Contractual Services - Casual labor	320	50	1,462
23	Contractual Services - Other .	90,000	97,500	93,750
24	Rental of Building/Real Property .	4,800	4,000	4,800
25	Rental of Equipment .			
26	Transportation Expenses .	13,955	9,524	8,760
27	Telephone	4,679	4,655	3,814
28	Insurance	50,247	46,455	61,659
29	Advertising Expenses .	855	915	-
30	Reg. Comm. Exp. - Amortization of Rate Case	-	-	-
31	Bad Debt Expense .	971	1,084	869
32	Miscellaneous Expenses .	15,673	17,517	12,167
33	Depreciation Expenses .	67,456	65,271	63,292
34	Property Taxes .	24,864	25,833	23,586
35	Sales Tax Expense	3,410	2,298	1,949
36	Payroll Taxes	14,176	17,484	12,949
37	Income Tax	649	(437)	(20)
38	Provision for Deferred Income Taxes	(9,932)	(7,933)	(12,189)
39	Total Operating Expenses	<u>\$ 542,994</u>	<u>\$ 510,023</u>	<u>\$ 493,258</u>
40	Operating Income	<u>\$ (4,795)</u>	<u>\$ (43,580)</u>	<u>\$ (31,838)</u>
41	Other Income (Expense)			
42	Interest Income	518	578	580
43	Other income	(3,914)	-	-
44	Interest Expense	(16,689)	(16,095)	-
45	Other Expense	-	-	-
46				
47	Total Other Income (Expense)	<u>\$ (20,085)</u>	<u>\$ (15,517)</u>	<u>\$ 580</u>
48	Net Profit (Loss)	<u>\$ (24,880)</u>	<u>\$ (59,098)</u>	<u>\$ (31,258)</u>

49
50
51
52
53
54

EXHIBIT 2

Infrastructure**Cost**

New Well	\$164,790
Storage Tank	\$20,195
Booster Pump	\$35,844
Mohave Engineering, Inc.	\$10,000
Electrical	\$32,014
Canopy (Enclosure)	\$2,500
Mohave Electric Co-op	\$23,218
Arizona Water Works Supply	\$24,000

Work to be completed

Fencing
Security

EXHIBIT 3



PROMISSORY NOTE

Borrower Golden Shores Water Co. Inc
12812 Highway 56
Tucson AZ 85436

Lender Bank One, N.A. with Columbus, Ohio as its main office
Northern Arizona Business Banking LPO
1895 McCulloch Boulevard
Lake Havasu, AZ 86403

Principal Amount \$286,200.00

Date of Note October 15, 2004

PROMISE TO PAY Golden Shores Water Co. Inc (Borrower) promises to pay to Bank One, N.A. with Columbus, Ohio as its main office (Lender) or order in lawful money of the United States of America, the principal amount of Two Hundred Eighty-six Thousand Two Hundred & 00/100 Dollars (\$286,200.00) or so much as may be outstanding together with interest at the rate of 7.250% per annum on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT Borrower will pay this loan in accordance with the following payment schedule:

During the period commencing on the date of this Note and ending on January 15, 2005 (the "Draw Period") the Borrower may request advances under this Note. During the Draw Period interest shall be due and payable as it accrues, commencing on November 15, 2004 and continuing on the same day of each month during the Draw Period thereafter. During the period after the termination of the Draw Period, and continuing until this Note is paid in full, commencing on February 15, 2005, and continuing on the same day of each calendar month thereafter until the maturity date of the Note, Borrower shall pay to Lender monthly installments of principal and interest, each in such equal amount required to fully amortize the principal amount outstanding on the last day of the Draw Period, at the rate of interest on this Note by that date which is 84 months from the termination of the Draw Period. In no event shall any monthly installment be less than accrued interest. A final payment shall be due and payable on January 15, 2012 in the amount of the outstanding principal balance of this Note, plus all accrued but unpaid interest and any other unpaid amounts due under this Note. Provided further while the monthly installment of principal and interest will be calculated after the Draw Period, based on the assumption that the Borrower draws the full principal amount of this Note during the Draw Period, each such installment would be in the amount of \$4,253.93.

Payments and any other credits shall be allocated among principal, interest and fees at the discretion of Lender unless otherwise required by applicable law. The annual interest rate for this Note is computed on a 365/360 basis, that is, by applying the ratio of the annual interest rate over a year of 360 days multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown on loan account statements sent to the Borrower. Lender's address shown in any payment coupon book provided to the Borrower or at such other place as Lender may designate in writing.

EFFECTIVE RATE Borrower agrees to an effective rate of interest that is the rate specified in this Note plus any additional rate resulting from any other charges in the nature of interest paid or to be paid in connection with this Note.

PREPAYMENT Borrower may pay without fee all or a portion of the principal amount owed hereunder earlier than it is due. All prepayments shall be applied to the indebtedness in such order and manner as Lender may from time to time determine in its sole discretion. Borrower agrees not to send Lender payments marked "paid in full" without recourse or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes payment in full of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Bank One Business Banking Loan Servicing Disputed Accounts Department, P.O. Box 901008, Fort Worth, TX 76101-2008.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment or \$25.00 whichever is greater.

INTEREST AFTER DEFAULT Upon the occurrence of any Event of Default, including failure to pay upon final maturity at Lender's option, and if permitted by applicable law, Lender may add any unpaid accrued interest to principal and such sum will bear interest therefrom until paid at the rate provided in this Note (including any increased rate). Upon the occurrence of any Event of Default, Lender, at its option, may, if permitted under applicable law, increase the interest rate on this Note 3.000 percentage points. The interest rate will not exceed the maximum rate permitted by applicable law.

DEFAULT Each of the following shall constitute an event of default (Event of Default) under this Note:

Payment Default Borrower fails to make any payment when due under this Note.

Other Defaults Borrower fails to comply with or to pay or perform any other term, obligation, covenant or condition contained in this Note or in any of the Related Documents or to comply with or to pay or perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or between Borrower and any affiliate of BANK ONE CORPORATION.

Transfer of Assets Borrower leases, sells, or otherwise conveys or agrees to lease, sell, or otherwise convey a material part of its assets or business outside of the ordinary course of business.

Defaults with Respect to Third Parties Borrower fails to make any payment when due or fails to comply with or to perform any term, obligation, covenant or condition contained in any agreement between any other person and Borrower.

False Statements Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Judgments or Decrees One or more judgments or decrees shall be entered against the Borrower and such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal.

Insolvency The dissolution or termination of Borrower's existence as a going business; the insolvency of Borrower; the appointment of a receiver for any part of Borrower's property; any assignment for the benefit of creditors; any type of creditor workout; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Foreclosure Proceedings Commencement of foreclosure, replevin, repossession, attachment, levy, execution, or forfeiture proceedings, whether by judicial proceeding, self-help, or any other method by any creditor of Borrower or by any governmental agency against the Collateral or any other assets of Borrower. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding in an amount determined by Lender in its sole discretion as being an adequate reserve or bond for the dispute.

Failure to Comply with Laws Borrower fails to comply with all applicable statutes, laws, ordinances and governmental rules, regulations and orders to which it is subject or which are applicable to its business, property and assets.

Change in Ownership Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Events Affecting Guarantor Any of the preceding Events of Default occurs with respect to any guarantor of the indebtedness as if the word "Borrower" in such Event of Default, or any guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty.

Insolvency Lender in good faith believes itself insecure.

LENDER'S RIGHTS Upon the occurrence of any Event of Default, Lender may declare the entire unpaid principal balance on this Note and the indebtedness and all accrued unpaid interest immediately due, without notice (except that in the case of any Event of Default of the type described in the DEFAULT - Insolvency section herein, such acceleration shall be automatic and not at Lender's option), and then Borrower will pay that amount. Borrower shall be liable for any deficiency remaining after disposition of any collateral which Lender may choose to realize upon.

ATTORNEYS' FEES/EXPENSES Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay

PROMISSORY NOTE
(Continued)

Page 2

or injunction) and appeals. However, Borrower will only pay attorneys' fees of an attorney not Lender's salaried employee, to whom the matter is referred after Borrower's default. If not prohibited by applicable law, Borrower also will pay any court costs in addition to all other sums provided by law.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. Borrower grants to Lender a security interest in, as well as a right of setoff against, and hereby assigns, conveys, delivers, pledges and transfers to Lender as security for repayment of the indebtedness, all Borrower's right, title and interest in and to all Borrower's accounts (whether checking, savings or some other account) with Lender or any subsidiary or affiliate of BANK ONE CORPORATION (each hereinafter referred to as a Lender Affiliate) and all other obligations at any time owing by Lender or any Lender Affiliate to Borrower. This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which the grant of a security interest would be prohibited by law. Borrower authorizes Lender, without prior notice to Borrower and irrespective of (i) whether or not Lender has made any demand under this Note or the Related Documents or (ii) whether such indebtedness is contingent, matured or unmatured, to the extent permitted by law, to collect, charge and/or setoff all sums owing on the indebtedness against any and all such accounts and other obligations and at Lender's option, to administratively freeze or direct a Lender Affiliate to administratively freeze all such accounts and other obligations to allow Lender to protect Lender's security interest, collection charge and setoff rights provided in this paragraph.

COLLATERAL. Borrower acknowledges this Note is secured by security interest in and lien upon all collateral described in any Related Document.

LINE OF CREDIT. This Note evidences a non-revolving line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Borrower is not entitled to reborrow amounts that have been advanced and repaid hereunder. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer printouts. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure.

LATE CHARGES. In the Late Charge provision set forth above, the following language is hereby added after the word "greater" up to the maximum amount of Two Hundred Fifty Dollars (\$250.00) per late charge:

FINANCIAL STATEMENTS. Borrower shall furnish Lender with such financial statements and other related information at such frequencies and in such detail as Lender may reasonably request.

ENFORCEABILITY AND ORGANIZATION. Borrower is duly authorized to transact business in all states in which Borrower is doing business having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Borrower's execution, delivery and performance of this Note and all the Related Documents have been duly authorized by all necessary action by Borrower. This Note and all the Related Documents constitute legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms. If applicable, Borrower is an entity which is, and at all times shall be, duly organized, validly existing and in good standing under and by virtue of the laws of the state of its organization.

INFORMATION WAIVER. Lender may provide, without any limitation whatsoever, to any one or more purchasers, potential purchasers, or affiliates of BANK ONE CORPORATION, any information or knowledge Lender may have about the undersigned or about any matter relating to this document and the Related Documents, and the undersigned hereby waives any right to privacy the undersigned may have with respect to such matters.

INDEBTEDNESS. The word "indebtedness" means all principal interest and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals or extensions of modifications of consolidations of and substitutions for the Note or Related Documents, together with interest on such amounts as provided in this Note, and all obligations, debts and liabilities, plus interest thereon, of Borrower or any one or more of them to Lender, as well as all claims by Lender against Borrower or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of this Note, whether voluntary or otherwise, whether due or not due, direct or indirect, absolute or contingent, liquidated or unliquidated and whether Borrower may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter become otherwise unenforceable, and further includes, without limitation, all principal interest, and other amounts, costs and expenses payable under the Related Documents, whether executed by the Borrower or by any other person or entity, together with all renewals or extensions of modifications of consolidations of and substitutions for the Related Documents, together with interest thereon as provided in the Related Documents.

RELATED DOCUMENTS. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guarantees, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now existing or hereafter arising, executed in connection with the indebtedness.

LIABILITIES FOR OBLIGATIONS UNDER RELATED DOCUMENTS. Borrower also promises to pay to Lender all of the indebtedness. Borrower acknowledges that some of the Related Documents, pursuant to which indebtedness may arise, may be executed only by persons or entities other than the Borrower.

PURPOSE. Borrower agrees that no advances under this Note shall be used for personal, family or household purposes and that all advances hereunder shall be used solely for business, commercial, agricultural or other similar purposes.

ARBITRATION. Undersigned and Lender agree that all disputes, claims and controversies between them, whether individual, joint, or class in nature, arising from this document or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed upon request of either party. No act to take or dispose of any Collateral or Property (as defined herein or in any Related Document) securing this document shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order, invoking a power of sale under any deed of trust or mortgage, obtaining a writ of attachment or imposition of a receiver, or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to applicable law. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral or Property securing this document, including any claim to rescind, reform or otherwise modify any agreement relating to the Collateral or Property securing this document, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this document shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation and enforcement of this arbitration provision.

JURY WAIVER. THE UNDERSIGNED AND LENDER (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG THE UNDERSIGNED AND LENDER ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT, THE RELATED DOCUMENTS OR ANY RELATIONSHIP BETWEEN OR AMONG THE UNDERSIGNED AND LENDER. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO PROVIDE THE FINANCING EVIDENCED BY THIS DOCUMENT AND THE RELATED DOCUMENTS.

GOVERNING LAW. The Lender's loan production office for this transaction is located at the address and in the State (the "LPO State") indicated in the LPO address or the loan production office address on the first page of this document. This document will be governed by and interpreted in accordance with federal law and the laws of the LPO State, except for matters related to interest and the exportation of interest, which matters shall be governed by and interpreted in accordance with federal law (including, but not limited to, statutes, regulations, interpretations and opinions) and the laws of the State of Ohio. However, if there is ever a question about whether any provision of this document is valid or enforceable, the provision that is questioned will be governed by whichever state or federal law would find the provision to be valid and enforceable. The loan transaction which is evidenced by this document has been made in the State of Ohio.

VENUE. If there is a lawsuit, the undersigned agrees to submit to the jurisdiction of the courts of the county in the LPO State in which the Lender's loan production office is located.

BORROWER'S ACKNOWLEDGEMENT AND AGREEMENT REGARDING AFFILIATE BANKS. Borrower may now or in the future have a borrowing

PROMISSORY NOTE
(Continued)

Page 3

relationship with another bank which is an affiliate of Bank One Corporation (Bank Affiliate). Lender and Borrower intend that the terms, covenants, conditions, warranties and obligations of Borrower in only one agreement in the nature of a loan or credit agreement (Loan Agreement) be applicable to the borrowing relationship of Borrower and Lender and of Borrower and each such Bank Affiliate. Therefore, until Borrower executes a Loan Agreement with Lender, the Borrower agrees that the terms, covenants, conditions, warranties and obligations of Borrower contained in any Loan Agreement between Borrower and any Bank Affiliate shall continue in full force and effect until all indebtedness payable pursuant to this Note is paid in full, notwithstanding any provision to the contrary set forth in the Loan Agreement with the Affiliated Bank and even in the event Borrower has satisfied all obligations, debts and liabilities of Borrower to such Bank Affiliate.

BORROWER CERTIFICATIONS. By execution of this Note Borrower hereby certifies to Lender that as of the date hereof:

- (1) that there has been no adverse change in Borrower's financial condition, organization, operations or fixed assets since the date the Loan Application for the indebtedness for this Note was signed; and
- (2) Borrower is current on all federal, state and local taxes, including but not limited to income taxes, payroll taxes, real estate taxes, and sales taxes; and (3) all business and personal financial statements, projections and information submitted with the loan application are accurate, true and complete.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of this Note. It is agreed that any payment which would otherwise for any reason be deemed unlawful interest under applicable law shall be deemed to have been applied to the unpaid principal balance of this Note or to other indebtedness. The unpaid balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records including daily computer printouts. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waives presentment, demand for payment and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral or impair, fail to realize upon or perfect Lender's security interest in the collateral and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. Unless specifically permitted otherwise by the terms and conditions of this Note, no alteration of or amendment to this Note shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of this Note or the Related Documents or of any participation interest in this Note or Related Documents to one or more purchasers, whether related or unrelated to Lender. Borrower waives any and all notices of sale of this Note, the Related Documents or of any participation interests as well as any notices of any repurchases of this Note, the Related Documents or of any participation interests. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER

GOLDEN SHORES WATER CO. INC.

Linda Boyer, President of Golden Shores Water Co. Inc.
Linda Boyer, President of Golden Shores Water Co. Inc.

EXHIBIT 4

3856228+4

GOLDEN SHORES WATER CO. INC.
BB MORTGAGE/ DEED OF TRUST

00450159841002

RECORDATION REQUESTED BY

Bank One N A with Columbus Ohio as its
main office
Northern Arizona Business Banking LPO
1895 McCulloch Boulevard
Lake Havasu AZ 86403

WHEN RECORDED MAIL TO

Bank One NA
Business Loan Servicing KY2 1606
P O Box 11336
Lexington KY 40575 1336

00450159841002

FOR RECORDER S USE ONLY

**DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS,
SECURITY AGREEMENT AND FINANCING STATEMENT**

THIS DEED OF TRUST is dated October 15 2004 among Golden Shores Water Co Inc an Arizona corporation whose address is 12812 Highway 66 Topock AZ 86436 (Trustor) Bank One N A with Columbus Ohio as its main office with a loan production office at Northern Arizona Business Banking LPO 1895 McCulloch Boulevard Lake Havasu AZ 86403 (referred to below sometimes as Lender and sometimes as Beneficiary) and Bank One NA with its main office at Chicago Illinois (referred to below as Trustee)

CONVEYANCE AND GRANT For valuable consideration Trustor conveys to Trustee in trust with power of sale for the benefit of Lender as Beneficiary all of Trustor's right title and interest in and to the following described real property together with all existing or subsequently erected or affixed buildings improvements and fixtures all easements rights of way and appurtenances all water and water rights flowing through belonging or in anyway appertaining to the Real Property and all of Trustor's water rights that are personal property under Arizona law including without limitation all type 2 nonirrigation grandfathered rights (if applicable) all irrigation rights, all ditch rights rights to irrigation district stock all contracts for effluent all contracts for Central Arizona Project water and all other contractual rights to water and together with all rights (but none of the duties) of Trustor as declarant under any presently recorded declaration of covenants conditions and restrictions affecting real property and all other rights royalties, and profits relating to the real property including without limitation all minerals oil gas geothermal and similar matters (the Real Property) located in Mohave County State of Arizona

12506 S Apache Pkwy
TWN 16N RNG 21W SEC 11 Tract Golden Shores Unit 6 BLK A LOT 33 2

12512 S Apache Pkwy
TWN 16N RNG 21W SEC 11 Tract Golden Shores Unit 6 BLK A LOT 32

The Real Property or its address is commonly known as 12506 & 12512 South Apache Way Topock AZ 86436 The Real Property tax Identification number is 210 22-032 and 210 22-033

CROSS COLLATERALIZATION In addition to the Note this Deed of Trust secures all obligations debts and liabilities plus interest thereon of Trustor to Lender or any one or more of them as well as all claims by Lender against Trustor or any one or more of them whether now existing or hereafter arising whether related or unrelated to the purpose of the Note whether voluntary or otherwise whether due or not due direct or indirect absolute or contingent liquidated or unliquidated and whether Trustor may be liable individually or jointly with others whether obligated as guarantor surety accommodation party or otherwise

Trustor presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Trustor's right title and interest in and to all present and future leases of the Property and all Rents from the Property In addition Trustor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents

THIS DEED OF TRUST INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE THE RELATED DOCUMENTS AND THIS

DEED OF TRUST
(Continued)

Page 2

DEED OF TRUST THIS DEED OF TRUST IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS

PAYMENT AND PERFORMANCE Except as otherwise provided in this Deed of Trust, Trustor shall pay to Lender all amounts secured by this Deed of Trust as they become due and shall strictly and in a timely manner perform all of Trustor's obligations under the Note, this Deed of Trust, and the Related Documents

POSSESSION AND MAINTENANCE OF THE PROPERTY Trustor agrees that Trustor's possession and use of the Property shall be governed by the following provisions

Duty to Maintain Trustor shall maintain the Property in tenable condition and promptly perform all repairs, replacements and maintenance necessary to preserve its value

Compliance With Environmental Laws Grantor represents and warrants to Lender that (1) during the period of Grantor's ownership of the Property there has been no generation, manufacture, treatment, refinement, transportation, disposal, release or threatened release of any Hazardous Substances by any person on, under, about or from the Property; (2) Grantor has no knowledge of or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any generation, manufacture, treatment, refinement, transportation, disposal, release or threatened release of any Hazardous Substances on, under, about or from the Property by any prior owners or occupants of the Property or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property (an "occupant") shall use, generate, manufacture, store, treat, refine, transport, dispose of or release any Hazardous Substances on, under, about or from the Property or (b) if any such activity occurs, any such activity shall be conducted in compliance with all applicable federal, state and local laws, regulations and ordinances, including without limitation all Environmental Laws. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances.

Grantor and any occupants at the Property shall exercise extreme care in handling Hazardous Substances and, if Grantor or any occupant uses or encounters any Hazardous Substances at the Property, Grantor shall, at its own cost and expense, in addition to complying with all applicable federal, state and local laws, regulations and ordinances, including without limitation all Environmental Laws, undertake any and all preventive, investigatory or remedial action (including emergency response, removal, containment and other remedial action) necessary to prevent or minimize (a) property damage (including damage to Grantor's or any occupant's own property), (b) personal injury, (c) damage to the environment or (d) the threat of any such damage or injury. In each case, by reason of any release of or exposure to any Hazardous Substances at the Property or the operations of Grantor or any occupant at the Property.

Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of this Deed of Trust. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. If pursuant to the section set forth below regarding expenditures by Lender, Lender performs any of the actions required of Grantor under this section of the Deed of Trust, Lender shall not, by reason of such performance, be deemed to be assuming any responsibility of Grantor under any Environmental Law or to any third party.

Grantor shall immediately notify Lender upon becoming aware of any of the following: (a) any spill, release or disposal of any Hazardous Substances at the Property or in connection with any of operations at the Property; if such spill, release or disposal must be reported to any governmental authority under applicable Environmental Laws; (b) any contamination or imminent threat of contamination of the Property by any Hazardous Substances or any violation of Environmental Laws in connection with the Property or any operations conducted at the Property; (c) any order, notice of violation, fine, penalty or other similar action by any governmental authority relating to Hazardous Substances, Environmental Laws, the Property or the operations conducted at the Property; (d) any judicial or administrative investigation or proceeding relating to Hazardous Substances, Environmental Laws, the Property or the operations conducted at the Property; (e) any matters relating to Hazardous Substances or Environmental Laws that would give a reasonably prudent lender cause to be concerned that the value of Lender's security interest in the Property may be reduced or threatened or that may impair or threaten to impair Grantor's ability to perform any of its obligations under this Deed of Trust when such performance is due. Grantor shall deliver to Lender, at Lender's request, copies of any and all documents in Grantor's possession (or to which it has access) relating to Hazardous Substances, Environmental Laws, the Property or the operations conducted at the Property, including without limitation the results of laboratory analyses, site assessments or studies, environmental audit reports and other consultants' studies and reports.

Grantor hereby (1) releases and waives any future claims against any Indemnified Person (as defined in the Indemnity provision in the MISCELLANEOUS PROVISIONS section below) for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws; and (2) agrees to indemnify and hold harmless each Indemnified Person against any and all obligations, actions, judgments, suits, claims, losses, liabilities, damages, penalties, disbursements, costs and expenses of any kind or nature which any Indemnified Person may directly or indirectly sustain or suffer resulting from, relating to arising out of or arising as a consequence of (a) any breach of this section of the Deed of Trust; (b) any use, generation, manufacture, storage, treatment, refinement, transportation, disposal, release or threatened release of any Hazardous Substances occurring during or prior to Grantor's ownership of the

**DEED OF TRUST
(Continued)**

Page 3

Property whether or not the same was or should have been known to Grantor (c) any investigatory or remedial action involving the Property the operations conducted at the Property or any other operations of Grantor or any occupant at the Property that is required by any Environmental Laws and (d) the contamination of the Property by any Hazardous Substances by any means whatsoever (including without limitation any migration of any Hazardous Substances onto the Property present or future) The provisions of this section of the Deed of Trust including the obligation to indemnify shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's or any Indemnified Person's acquisition of any interest in the Property whether by foreclosure or otherwise

Nuisance Waste Trustor shall not cause conduct or permit any nuisance nor commit permit or suffer any stripping of or waste on or to the Property or any portion of the Property Without limiting the generality of the foregoing, Trustor will not remove or grant to any other party the right to remove any timber minerals (including oil and gas) coal clay scoria soil gravel or rock products without Lender's prior written consent

Removal of Improvements Trustor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent As a condition to the removal of any Improvements Lender may require Trustor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value

Lender's Right to Enter Lender and Lender's agents and representatives may enter upon the Property at all reasonable times to attend to Lender's interests and to inspect the Property for purposes of Trustor's compliance with the terms and conditions of this Deed of Trust

Compliance with Governmental Requirements Trustor shall promptly comply with all laws ordinances and regulations now or hereafter in effect of all governmental authorities applicable to the use or occupancy of the Property, including without limitation the Americans With Disabilities Act Trustor may contest in good faith any such law ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals so long as Trustor has notified Lender in writing prior to doing so and so long as in Lender's sole opinion Lender's interests in the Property are not jeopardized Lender may require Trustor to post adequate security or a surety bond reasonably satisfactory to Lender to protect Lender's interest

Duty to Protect Trustor agrees neither to abandon or leave unattended the Property Trustor shall do all other acts in addition to those acts set forth above in this section which from the character and use of the Property are reasonably necessary to protect and preserve the Property

DUE ON SALE CONSENT BY LENDER Lender may at Lender's option declare immediately due and payable all sums secured by this Deed of Trust upon the sale or transfer without Lender's prior written consent of all or any part of the Real Property or any interest in the Real Property A sale or transfer means the conveyance of Real Property or any right title or interest in the Real Property whether legal, beneficial or equitable whether voluntary or involuntary whether by outright sale deed installment sale contract land contract contract for deed leasehold interest with a term greater than three (3) years lease-option contract or by sale assignment or transfer of any beneficial interest in or to any land trust holding title to the Real Property or by any other method of conveyance of an interest in the Real Property If any Trustor is a corporation partnership or limited liability company transfer also includes any change in ownership of more than twenty five percent (25%) of the voting stock, partnership interests or limited liability company interests as the case may be of such Trustor However this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Arizona law

TAXES AND LIENS The following provisions relating to the taxes and liens on the Property are part of this Deed of Trust

Payment Trustor shall pay when due (and in all events prior to delinquency) all taxes and assessments including without limitation sales or use taxes in any state local privilege or excise taxes based on gross revenues special taxes charges (including water and sewer) fines and impositions levied against Trustor or on account of the Property and shall pay when due all claims for work done on or for services rendered or material furnished to the Property Trustor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust except for the lien of taxes and assessments not due except for the Existing Indebtedness referred to below and except as otherwise provided in this Deed of Trust Beneficiary shall have the right but not the duty or obligation to charge Trustor for any such taxes or assessments in advance of payment In no event does exercise or non-exercise by Beneficiary of this right relieve Trustor from Trustor's obligation under this Deed of Trust or impose any liability whatsoever on Beneficiary

Right to Contest Trustor may withhold payment of any tax assessment or claim in connection with a good faith dispute over the obligation to pay so long as Lender's interest in the Property is not jeopardized If a lien arises or is filed as a result of nonpayment Trustor shall within fifteen (15) days after the lien arises or if a lien is filed within fifteen (15) days after Trustor has notice of the filing secure the discharge of the lien or if requested by Lender deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys fees or other charges that could accrue as a result of a foreclosure or sale under the lien In any contest Trustor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property Trustor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings

DEED OF TRUST
(Continued)

Page 4

Evidence of Payment Trustor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction Trustor shall notify Lender at least fifteen (15) days before any work is commenced any services are furnished or any materials are supplied to the Property. If any mechanic's lien, materialmen's lien or other lien could be asserted on account of the work, services or materials, Trustor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Trustor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE The following provisions relating to insuring the Property are a part of this Deed of Trust:

Maintenance of Insurance Trustor shall procure and maintain policies of life insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause and with a standard mortgagee clause in favor of Lender. Trustor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Trustee and Lender being named as additional insureds in such liability insurance policies. Additionally, Trustor shall maintain such other insurance including but not limited to hazard, business interruption and boiler insurance as Lender may reasonably require. Policies shall be written in form amounts coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Trustor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Trustor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Trustor agrees to obtain and maintain Federal Flood Insurance, if available, after notice is given by Lender that the Property is located in a special flood hazard area for the full unpaid principal balance of the loan and any prior liens on the property securing the loan up to the maximum policy limits set under the National Flood Insurance Program or as otherwise required by Lender and to maintain such insurance for the term of the loan.

Application of Proceeds Trustor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Trustor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Trustor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Trustor from the proceeds for the reasonable cost of repair or restoration if Trustor is not in default under this Deed of Trust. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Deed of Trust, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Trustor as Trustor's interests may appear.

Trustor's Report on Insurance Upon request of Lender, however not more than once a year, Trustor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property and the manner of determining that value; and (5) the expiration date of the policy. Trustor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Trustor fails to comply with any provision of this Deed of Trust or any Related Documents, including but not limited to Trustor's failure to discharge or pay when due any amounts Trustor is required to discharge or pay under this Deed of Trust or any Related Documents, Lender, on Trustor's behalf, may (but shall not be obligated to) take any action that Lender deems appropriate to the extent permitted by applicable law, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Trustor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; (2) the remaining term of the Note; or (3) be treated as a balloon payment which will be due and payable at the Note's maturity. The Property also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default and shall be exercisable by Lender to the extent permitted by applicable law.

WARRANTY DEFENSE OF TITLE The following provisions relating to ownership of the Property are a part of this Deed of Trust:

DEED OF TRUST
(Continued)

Page 6

Title Trustor warrants that (a) Trustor holds good and marketable title of record to the Property in fee simple free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy title report or final title opinion issued in favor of and accepted by Lender or have otherwise been previously disclosed to and accepted by Lender in writing in connection with this Deed of Trust and (b) Trustor has the full right power and authority to execute and deliver this Deed of Trust to Lender

Defense of Title Subject to the exception in the paragraph above Trustor warrants and will forever defend the title to the Property against the lawful claims of all persons In the event any action or proceeding is commenced that questions Trustor's title or the interest of Trustee or Lender under this Deed of Trust Trustor shall defend the action at Trustor's expense Trustor may be the nominal party in such proceeding but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice and Trustor will deliver or cause to be delivered to Lender such instruments as Lender may request from time to time to permit such participation

Compliance With Laws Trustor warrants that the Property and Trustor's use of the Property complies with all existing applicable laws ordinances and regulations of governmental authorities

No Other Liens Grantor will not without the prior written consent of Lender create place or permit to be created or placed or through any act or failure to act acquiesce in the placing of or allow to remain any deed of trust voluntary or involuntary lien whether statutory constitutional or contractual (except for liens for ad valorem taxes on the Real Property which are not delinquent) security interest encumbrance or charge against or covering the Property or any part thereof other than as permitted in this Deed of Trust regardless of whether the same are expressly or otherwise subordinate to the liens and security interests created by this Deed of Trust

Survival of Representations and Warranties All representations warranties and agreements made by Trustor in this Deed of Trust shall survive the execution and delivery of this Deed of Trust shall be continuing in nature and shall remain in full force and effect until such time as Trustor's indebtedness shall be paid in full

CONDEMNATION The following provisions relating to condemnation proceedings are a part of this Deed of Trust

Proceedings If any proceeding in condemnation is filed Trustor shall promptly notify Lender in writing and Trustor shall promptly take such steps as may be necessary to defend the action and obtain the award Trustor may be the nominal party in such proceeding but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice and Trustor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation

Application of Net Proceeds If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property The net proceeds of the award shall mean the award after payment of all reasonable costs expenses and attorneys fees incurred by Trustee or Lender in connection with the condemnation

IMPOSITION OF TAXES FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES The following provisions relating to governmental taxes fees and charges are a part of this Deed of Trust

Current Taxes Fees and Charges Upon request by Lender Trustor shall execute such documents in addition to this Deed of Trust and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property Trustor shall reimburse Lender for all taxes as described below together with all expenses incurred in recording perfecting or continuing this Deed of Trust including without limitation all taxes fees documentary stamps and other charges for recording or registering this Deed of Trust

Taxes The following shall constitute taxes to which this section applies (1) a specific tax upon this type of Deed of Trust or upon all or any part of the indebtedness secured by this Deed of Trust (2) a specific tax on Trustor which Trustor is authorized or required to deduct from payments on the indebtedness secured by this type of Deed of Trust (3) a tax on this type of Deed of Trust chargeable against the Lender or the holder of the Note and (4) a specific tax on all or any portion of the indebtedness or on payments of principal and interest made by Trustor

Subsequent Taxes If any tax to which this section applies is enacted subsequent to the date of this Deed of Trust this event shall have the same effect as an Event of Default and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Trustor either (1) pays the tax before it becomes delinquent or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender

ASSIGNMENT OF RENTS AND LEASES The following provisions relating to this Deed of Trust as an assignment of Rents and Leases are a part of this Deed of Trust

License to Grantor Unless and until Lender exercises its right to collect the Rents as provided below and so long as no Event of Default exists Grantor shall have a license to (a) remain in possession and control of

the Property (b) operate and manage the Property and (c) collect the Rents provided that the granting of such license shall not constitute Lender's consent to the use of cash collateral in any bankruptcy proceedings. The foregoing license shall automatically and immediately terminate without notice to Grantor upon the occurrence of any Event of Default. After the occurrence of any Event of Default, Lender may exercise any of the rights and remedies set forth below and/or elsewhere in this Deed of Trust. Any Rents that are collected by Grantor after the occurrence of any Event of Default shall be held in trust for the benefit of Lender.

Grantor's Representations, Warranties and Covenants. Grantor represents warrants and covenants that (a) Grantor has good title to the Leases and is entitled to receive the Rents in each case free and clear of all rights, liens, encumbrances and claims except as disclosed to and accepted by Lender in writing; (b) Grantor has the full right, power and authority to assign and convey the Leases and Rents to Lender; (c) Grantor has not previously assigned or conveyed the Leases and/or the Rents to any other person or entity by any instrument now in force; (d) Grantor will not sell, assign, encumber or otherwise dispose of any of Grantor's rights in the Leases and/or the Rents; (e) Grantor will fulfill and perform its obligations under all Leases and will give Lender prompt notice of any default in the performance of the terms of any of the Leases by either Grantor or any tenant together with copies of all notices sent to or received by Grantor in connection with any Lease; (f) Grantor will enforce the tenants' obligations under the Leases; (g) Grantor will not in any way enter into any new Lease, amend, assign, cancel or terminate any Lease, accept a surrender of any Lease or any leased premises, accept any payment of Rent more than one month in advance or waive, release, discharge or compromise any Rent or any of the obligations of the tenants under any of the Leases in each case without the prior written consent of Lender; (h) Grantor will appear in and defend or prosecute any action growing out of any Lease at Grantor's cost and expense; (i) there is no present default by any tenant under any Lease; (j) all existing Leases are in full force and effect and unmodified; (k) to the best of Grantor's knowledge, no person or entity other than authorized tenants is in possession of all or any part of the Property; (l) Grantor will provide copies of any and all Leases and Lease amendments and all records relating thereto to Lender upon Lender's request.

Lender's Right To Receive and Collect Rents. Subject to the license granted to Grantor above, Lender shall have the right at any time from and after the occurrence of any Event of Default to collect and receive the Rents. For this purpose, Lender is hereby given and granted the following rights, powers and authority: (a) Lender may send notices to any and all tenants of the Property advising them of this assignment and directing all Rents to be paid directly to Lender or Lender's agent; (b) Lender may (i) enter upon and take possession of the Property, (ii) demand, collect and receive from the tenants (or from any other persons liable therefor) all of the Rents of the Property, (iii) institute and carry on all legal proceedings necessary for the protection of the Property including such proceedings as may be necessary to recover possession of the Property and collect the Rents, (iv) remove any tenant or other persons from the Property, (v) enter upon the Property to maintain the Property and keep the same in repair and pay the costs thereof and of all services of all employees including their equipment and of all continuing costs and expenses of maintaining the Property in proper repair and condition and (vi) pay all taxes, assessments and water utilities and the premiums on fire and other insurance effected by Lender on the Property; (c) Lender may do any and all things necessary or advisable to execute and comply with all applicable laws, rules, orders, ordinances and requirements of all governmental agencies; (d) Lender may (i) rent or lease the whole or any part of the Property for such term or terms and on such conditions as Lender may deem appropriate and (ii) modify, terminate or accept the surrender of any Leases and/or waive, release, discharge or compromise any Rent or any obligations of any of the tenants under the Leases; (e) Lender may make any payment including necessary costs, expenses and reasonable attorney fees or perform any action required of Grantor under any Lease without releasing Grantor from the obligation to do so and without notice to or demand on Grantor; (f) Lender may engage such agent or agents as Lender may deem appropriate either in Lender's name or in Grantor's name to rent and manage the Property including the collection and application of Rents; and (g) Lender may do all such other things and acts with respect to the Property, the Leases and the Rents as Lender may deem appropriate and may act exclusively and solely in the place and stead of Grantor. Lender has all of the powers of Grantor for the purposes stated above. Lender shall not be required to do any of the foregoing acts or things and the fact that Lender shall have performed one or more of the foregoing acts or things shall not require Lender to do any other specific act or thing. The foregoing rights and remedies of Lender are in addition to and not in limitation of the rights and remedies of Lender under the RIGHTS AND REMEDIES UPON DEFAULT section of this Deed of Trust including the rights and remedies set forth in the Collect Rents provision all of which rights and remedies are incorporated into this ASSIGNMENT OF RENTS section.

Application of Rents. Any Rents received by Lender shall be applied against the indebtedness (including Lender's costs and expenses) in such order or manner as Lender shall elect in its sole discretion.

Right to Rely. Grantor hereby irrevocably authorizes and directs the tenants under the Leases to pay Rents to Lender upon written demand by Lender without further consent of Grantor. The tenants may rely upon any written statement delivered by Lender to the tenants. Any such payment to Lender shall constitute payment to Grantor under the Leases. The provisions of this paragraph are intended solely for the benefit of the tenants and shall never inure to the benefit of Grantor or any person claiming through or under Grantor other than a tenant who has not received such notice. The assignment of Rents and Leases set forth herein is not contingent upon any notice or demand by Lender to the tenants.

Lender in Possession. Lender's acceptance of this Deed of Trust shall not prior to entry upon and taking possession of the Property by Lender be deemed to constitute Lender a lender in possession nor

**DEED OF TRUST
(Continued)**

Page 7

obligate Lender to (a) appear in or defend any proceedings relating to any of the Leases, the Rents or to the Property, (b) take any action hereunder, (c) expend any money, incur any expenses or perform any obligations or liability under the Leases, or (d) assume any obligation for any deposits delivered to Grantor by any tenant and not delivered to Lender. Lender shall not be liable for any injury or damage to any person or property in or about the Property. Grantor indemnifies Lender and holds it harmless from all liability or damages which Lender may incur under any Lease and from all claims and demands which may be asserted against Lender by reason of any alleged obligation on its part to perform any term of any Lease.

SECURITY AGREEMENT FINANCING STATEMENTS The following provisions relating to this Deed of Trust as a security agreement are a part of this Deed of Trust:

Security Agreement This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest Upon request by Lender, Trustor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Deed of Trust in the real property records, Lender may, at any time and without further authorization from Trustor, file executed counterparts, copies or reproductions of this Deed of Trust as a financing statement. Trustor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Trustor shall assemble the Personal Property in a manner and at a place reasonably convenient to Trustor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

Addresses The mailing addresses of Trustor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Deed of Trust may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Deed of Trust.

FURTHER ASSURANCES ATTORNEY-IN-FACT The following provisions relating to further assurances and attorney-in-fact are a part of this Deed of Trust:

Further Assurances At any time and from time to time upon request of Lender, Trustor will make execute and deliver or will cause to be made, executed or delivered to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled or rerecorded as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue or preserve (1) Trustor's obligations under the Note, this Deed of Trust and the Related Documents, and (2) the liens and security interests created by this Deed of Trust on the Property, whether now owned or hereafter acquired by Trustor. Unless prohibited by law or Lender agrees to the contrary in writing, Trustor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact If Trustor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Trustor and at Trustor's expense. For such purposes, Trustor hereby irrevocably appoints Lender as Trustor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE If Trustor pays all the Indebtedness when due and otherwise performs all the obligations imposed upon Trustor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance without warranty and shall execute and deliver to Trustor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee required by law shall be paid by Trustor, if permitted by applicable law.

EVENTS OF DEFAULT Each of the following, at Lender's option, shall constitute an Event of Default under this Deed of Trust:

Payment Default Trustor fails to make any payment when due under the Indebtedness.

Other Defaults Trustor fails to comply with or to pay or perform any other term, obligation, covenant or condition contained in this Deed of Trust or in any of the Related Documents or to comply with or to pay or perform any term, obligation, covenant or condition contained in any other agreement between Lender and Trustor or between Trustor and any affiliate of BANK ONE CORPORATION.

Default on Other Payments Failure of Trustor within the time required by this Deed of Trust to make any payment for taxes or insurance or any other payment necessary to prevent filing of or to effect discharge of any lien.

False Statements Any warranty, representation or statement made or furnished to Lender by Trustor or on Trustor's behalf under this Deed of Trust, the Note or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization This Deed of Trust or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

DEED OF TRUST
(Continued)

Page 8

Insolvency The dissolution or termination of Trustor's existence as a going business the insolvency of Trustor the appointment of a receiver for any part of Trustor's property any assignment for the benefit of creditors any type of creditor workout or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Trustor

Creditor or Forfeiture Proceedings Commencement of foreclosure replevin repossession attachment levy execution or forfeiture proceedings whether by judicial proceeding self-help or any other method by any creditor of Trustor or by any governmental agency against the Collateral or any other assets of Trustor This includes a garnishment of any of Trustor's accounts including deposit accounts with Lender However this Event of Default shall not apply if there is a good faith dispute by Trustor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Trustor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding in an amount determined by Lender in its sole discretion as being an adequate reserve or bond for the dispute

Adverse Change A material adverse change occurs in Trustor's financial condition or Lender believes the prospect of payment or performance of the Indebtedness is impaired

Events Affecting Guarantor Any of the preceding Events of Default occurs with respect to any guarantor of the Indebtedness as if the word guarantor were substituted for the word Trustor in such Event of Default or any guarantor dies or becomes incompetent, or revokes or disputes the validity of or liability under any guaranty of the Indebtedness

Insecurity Lender in good faith believes itself insecure

RIGHTS AND REMEDIES ON DEFAULT If an Event of Default occurs under this Deed of Trust at any time thereafter Trustee or Lender may exercise any one or more of the following rights and remedies

Election of Remedies Election by Lender to pursue any remedy will not bar any other remedy and an election to make expenditures or to take action to perform an obligation of Trustor under this Deed of Trust after Trustor's failure to perform shall not affect Lender's right to declare a default and exercise its remedies

Accelerate Indebtedness Lender shall have the right at its option without notice to Trustor to declare the entire Indebtedness immediately due and payable including any prepayment penalty which Trustor would be required to pay

Foreclosure With respect to all or any part of the Real Property the Trustee shall have the right to foreclose by notice and sale and Lender shall have the right to foreclose by judicial foreclosure in either case in accordance with and to the full extent provided by applicable law To the extent permitted by law Trustor shall be and remain liable for any deficiency remaining after sale either pursuant to the power of sale or judicial proceedings

UCC Remedies With respect to all or any part of the Personal Property Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code

Collect Rents Lender shall have the right without notice to Trustor to take possession of and manage the Property and collect the Rents including amounts past due and unpaid, and apply the net proceeds over and above Lender's costs against the Indebtedness In furtherance of this right Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender If the Rents are collected by Lender then Trustor irrevocably designates Lender as Trustor's attorney-in-fact to endorse instruments received in payment thereof in the name of Trustor and to negotiate the same and collect the proceeds Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made whether or not any proper grounds for the demand existed Lender may exercise its rights under this subparagraph either in person by agent or through a receiver

Appoint Receiver Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property with the power to protect and preserve the Property to operate the Property preceding foreclosure or sale and to collect the Rents from the Property and apply the proceeds over and above the cost of the receivership against the Indebtedness The receiver may serve without bond if permitted by law Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount Employment by Lender shall not disqualify a person from serving as a receiver

Tenancy at Sufferance If Trustor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Trustor Trustor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall at Lender's option either (1) pay a reasonable rental for the use of the Property or (2) vacate the Property immediately upon the demand of Lender

Other Remedies Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law

Notice of Sale Lender shall give Trustor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition Any sale of Personal Property may be made in conjunction with any sale of the Real Property

**DEED OF TRUST
(Continued)**

Page 9

Sale of the Property To the extent permitted by applicable law Trustor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Insurance Policies Lender shall have the right upon an Event of Default but not the obligation to assign all of Trustor's right title and interest in and to all policies of insurance on the Property and any unearned premiums paid on such insurance to any receiver or any purchaser of the Property at a foreclosure sale and Trustor hereby appoints Lender as attorney in fact to assign and transfer such policies.

Attorneys Fees Expenses If Lender institutes any suit or action to enforce any of the terms of this Deed of Trust Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys fees at trial and upon any appeal. Whether or not any court action is involved and to the extent not prohibited by law all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include without limitation however subject to any limits under applicable law Lender's attorneys fees and Lender's legal expenses whether or not there is a lawsuit including attorneys fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction) appeals and any anticipated post judgment collection services the cost of searching records obtaining title reports (including foreclosure reports) surveyors reports and appraisal fees title insurance and fees for the Trustee, to the extent permitted by applicable law. However Trustor will only pay attorneys fees of an attorney not Lender's salaried employee to whom the matter is referred after Trustor's default. Trustor also will pay any court costs in addition to all other sums provided by law.

Rights of Trustee Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust.

Powers of Trustee In addition to all powers of Trustee arising as a matter of law Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Trustor: (a) join in preparing and filing a map or plat of the Real Property including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien or of any action or proceeding in which Trustor Lender or Trustee shall be a party unless the action or proceeding is brought by Trustee.

Trustee Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above with respect to all or any part of the Property the Trustee shall have the right to foreclose by notice and sale and Lender shall have the right to foreclose by judicial foreclosure in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee Lender at Lender's option may from time to time appoint a successor Trustee to any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of Mohave County State of Arizona. The instrument shall contain in addition to all other matters required by state law the names of the original Lender Trustee and Trustor the book and page where this Deed of Trust is recorded and the name and address of the successor trustee and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee without conveyance of the Property shall succeed to all the title power and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

NOTICES Any notice required to be given under this Deed of Trust including without limitation any notice of default and any notice of sale shall be given in writing and shall be effective when actually delivered when actually received by telefacsimile (unless otherwise required by law) when deposited with a nationally recognized overnight courier or if mailed when deposited in the United States mail as first class certified or registered mail postage prepaid directed to the addresses shown near the beginning of this Deed of Trust. All copies of notices of foreclosure from the holder of any lien which has priority over this Deed of Trust shall be sent to Lender's address as shown near the beginning of this Deed of Trust. Any party may change its address for notices under this Deed of Trust by giving formal written notice to the other parties specifying that the purpose of the notice is to change the party's address. For notice purposes Trustor agrees to keep Lender informed at all times of Trustor's current address. Unless otherwise provided or required by law if there is more than one Trustor any notice given by Lender to any Trustor is deemed to be notice given to all Trustors.

JURY WAIVER THE UNDERSIGNED AND LENDER (BY ITS ACCEPTANCE HEREOF) HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT TORT OR OTHERWISE) BETWEEN OR AMONG THE UNDERSIGNED AND LENDER ARISING OUT OF OR IN ANY WAY RELATED TO THIS DOCUMENT THE RELATED DOCUMENTS OR ANY RELATIONSHIP BETWEEN OR AMONG THE UNDERSIGNED AND LENDER. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO PROVIDE THE FINANCING EVIDENCED BY THIS DOCUMENT AND THE RELATED DOCUMENTS.

**DEED OF TRUST
(Continued)**

Page 10

GOVERNING LAW The Lender's loan production office for this transaction is located at the address and in the State (the LPO State) indicated in the LPO address or the loan production office address on the first page of this document. This document will be governed by and interpreted in accordance with federal law and the laws of the LPO State except for matters related to interest and the exportation of interest which matters shall be governed by and interpreted in accordance with federal law (including but not limited to statutes, regulations, interpretations and opinions) and the laws of the State of Ohio. However, if there is ever a question about whether any provision of this document is valid or enforceable, the provision that is questioned will be governed by whichever state or federal law would find the provision to be valid and enforceable. The loan transaction which is evidenced by this document has been made in the State of Ohio.

VENUE If there is a lawsuit, the undersigned agrees to submit to the jurisdiction of the courts of the county in the LPO State in which the Lender's loan production office is located.

MISCELLANEOUS PROVISIONS The following miscellaneous provisions are a part of this Deed of Trust:

Amendments This Deed of Trust together with any Related Documents constitutes the entire understanding and agreement of the parties as to the matters set forth in this Deed of Trust. No alteration of or amendment to this Deed of Trust shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports If the Property is used for purposes other than Trustor's residence, Trustor shall furnish to Lender upon request a certified statement of net operating income received from the Property during Trustor's previous fiscal year in such form and detail as Lender shall require. Net operating income shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings Caption headings in this Deed of Trust are for convenience purposes only and are not to be used to interpret or define the provisions of this Deed of Trust.

Merger There shall be no merger of the interest or estate created by this Deed of Trust with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity without the written consent of Lender.

No Waiver by Lender Lender shall not be deemed to have waived any rights under this Deed of Trust unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Deed of Trust shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Deed of Trust. No prior waiver by Lender nor any course of dealing between Lender and Trustor shall constitute a waiver of any of Lender's rights or of any of Trustor's obligations as to any future transactions. Whenever the consent of Lender is required under this Deed of Trust, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability If a court of competent jurisdiction finds any provision of this Deed of Trust to be illegal, invalid or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Deed of Trust. Unless otherwise required by law, the illegality, invalidity or unenforceability of any provision of this Deed of Trust shall not affect the legality, validity or enforceability of any other provision of this Deed of Trust.

Successors and Assigns Subject to any limitations stated in this Deed of Trust on transfer of Trustor's interest, this Deed of Trust shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Trustor, Lender, without notice to Trustor, may deal with Trustor's successors with reference to this Deed of Trust and the indebtedness by way of forbearance or extension without releasing Trustor from the obligations of this Deed of Trust or liability under the indebtedness.

Time is of the Essence Time is of the essence in the performance of this Deed of Trust.

Waiver of Homestead Exemption Trustor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Arizona as to all indebtedness secured by this Deed of Trust.

Indemnity Grantor hereby agrees to indemnify, defend and hold harmless Lender and its officers, directors, employees, agents and representatives (each an Indemnified Person) from and against any and all liabilities, obligations, claims, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature (collectively, the Claims) which may be imposed on, incurred by or asserted against any Indemnified Person (whether or not caused by an Indemnified Person's sole concurrent or contributory negligence) arising in connection with the Related Documents, the indebtedness or the Property (including without limitation, the enforcement of the Related Documents and the defense of any Indemnified Person's action and/or inaction in connection with the Related Documents) except to the limited extent that the Claims against the Indemnified Person are proximately caused by such Indemnified Person's gross negligence or willful misconduct. The indemnification provided for in this section shall survive the termination of this Deed of Trust and shall extend and continue to benefit each individual or entity who is, becomes or has any time been an Indemnified Person hereunder.

DEED OF TRUST
(Continued)

Page 11

Information Waiver Lender may provide without any limitation whatsoever to any one or more purchasers potential purchasers or affiliates of BANK ONE CORPORATION any information or knowledge Lender may have about Grantor or about any matter relating to this Deed of Trust and Grantor hereby waives any right to privacy Grantor may have with respect to such matters

DEFINITIONS The following capitalized words and terms shall have the following meanings when used in this Deed of Trust Unless specifically stated to the contrary all references to dollar amounts shall mean amounts in lawful money of the United States of America Words and terms used in the singular shall include the plural and the plural shall include the singular as the context may require Words and terms not otherwise defined in this Deed of Trust shall have the meanings attributed to such terms in the Uniform Commercial Code to the extent that this Deed of Trust encumbers Personal Property that is governed by the Arizona Uniform Commercial Code

Beneficiary The word Beneficiary means Bank One N A with Columbus Ohio as its main office and its successors and assigns

Borrower The word Borrower means Golden Shores Water Co Inc and all other persons and entities signing the Note in whatever capacity

Deed of Trust The words Deed of Trust mean this Deed of Trust among Trustor Lender and Trustee and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents

Default The word Default means the Default set forth in this Deed of Trust in the section titled Default

Environmental Laws The words Environmental Laws mean any and all federal, state local and foreign statutes judicial decisions regulations ordinances rules judgments orders decrees plans injunctions permits concessions grants franchises licenses agreements and other governmental restrictions relating to (i) the protection of the environment (ii) the effect of the environment on human health (iii) emissions discharges or releases of pollutants contaminants hazardous substances or wastes into surface water ground water or land or (iv) the manufacture processing distribution use treatment storage disposal transport or handling of pollutants contaminants hazardous substances or wastes or the clean up or other remediation thereof

Event of Default The words Event of Default mean any of the Events of Default set forth in this Deed of Trust in the Events of Default section of this Deed of Trust

Existing Indebtedness The words Existing Indebtedness mean the indebtedness described in the Existing Liens provision of this Deed of Trust

Grantor The word Grantor means the Trustor as identified in this Deed of Trust

Hazardous Substances The words Hazardous Substances mean all explosive or radioactive substances or wastes and all hazardous or toxic substances wastes or other pollutants including petroleum or petroleum distillates asbestos or asbestos containing materials polychlorinated biphenyls radon gas infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law

Improvements The word Improvements means all existing and future improvements buildings structures mobile homes affixed on the Real Property facilities additions replacements and other construction on the Real Property

Indebtedness The word Indebtedness means all principal interest and other amounts costs and expenses payable under the Note or Related Documents together with all renewals of extensions of modifications of consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Trustor's obligations or expenses incurred by Trustee or Lender to enforce Trustor's obligations under this Deed of Trust together with interest on such amounts as provided in this Deed of Trust In addition and without limitation the term Indebtedness includes all amounts identified in the Cross Collateralization paragraph of this Deed of Trust

Lender The word Lender means Bank One N A with Columbus Ohio as its main office its successors and assigns

Note The word Note means the promissory note dated October 15 2004 in the original principal amount of \$286 200 00 from Trustor to Lender together with all renewals of extensions of modifications of refinancings of consolidations of and substitutions for the promissory note or agreement

Personal Property The words Personal Property mean all equipment fixtures and other articles of personal property now or hereafter owned by Trustor and now or hereafter attached or affixed to the Real Property together with all accessions parts and additions to all replacements of and all substitutions for any of such property and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property

Property The word Property means collectively the Real Property and the Personal Property

Real Property The words Real Property mean the real property interests and rights as further described in this Deed of Trust

Related Documents The words Related Documents mean all promissory notes credit agreements loan

DEED OF TRUST
(Continued)

Page 12

agreements environmental agreements guarantees security agreements mortgages deeds of trust security deeds collateral mortgages and all other instruments agreements and documents whether now or hereafter existing executed in connection with the indebtedness

Rents The word Rents means all present and future rents revenues income issues royalties profits bonuses accounts receivable cash security deposits advance rentals and other payments and/or benefits of every kind and nature derived from the Property including Grantor's right to enforce the Leases and to receive and collect payments and proceeds under the Leases

Trustee The word Trustee means Bank One NA with its main office at Chicago Illinois whose address is 20 E University Suite 308 Tempe AZ 85281 and any substitute or successor trustees

Trustor The word Trustor means Golden Shores Water Co Inc

TRUSTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS DEED OF TRUST AND TRUSTOR AGREES TO ITS TERMS

TRUSTOR

GOLDEN SHORES WATER CO INC

By Linda Boyer, President of Golden Shores Water Co, Inc
Linda Boyer President of Golden Shores Water Co Inc

CORPORATE ACKNOWLEDGMENT

STATE OF Arizona

COUNTY OF Mohave

SS



On this 15 day of October 2004 before me the undersigned Notary Public personally appeared Linda Boyer President of Golden Shores Water Co Inc and known to me to be an authorized agent of the corporation that executed the Deed of Trust and acknowledged the Deed of Trust to be the free and voluntary act and deed of the corporation by authority of its Bylaws or by resolution of its board of directors for the uses and purposes therein mentioned and on oath stated that he or she is authorized to execute this Deed of Trust and in fact executed the Deed of Trust on behalf of the corporation

By Susan Kirchmeier Residing at 8495 Hwy 95
Mohave Valley, AZ 86440

Notary Public in and for the State of Arizona

My commission expires 12-21-2007

REQUEST FOR FULL RECONVEYANCE

(To be used only when obligations have been paid in full)

To _____ Trustee

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by this Deed of Trust have been fully paid and satisfied. You are hereby directed upon payment to you of any sums owing to you under the terms of this Deed of Trust or pursuant to any applicable statute, to cancel the Note secured by this Deed of Trust (which is delivered to you together with this Deed of Trust) and to reconvey without warranty to the parties designated by the terms of this Deed of Trust the estate now held by you under this Deed of Trust. Please mail the reconveyance and Related Documents to

Date _____ Beneficiary _____

By _____

Its _____